

Message Text

UNCLASSIFIED

PAGE 01 JIDDA 01742 061443Z
ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 CIAE-00 INR-10
NSAE-00 /088 W

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R 061323Z MAR 78
FM AMEMBASSY JIDDA
TO AMEMBASSY DACCA
INFO AMCONSUL DHAHRAN
SECSTATE WASHDC 1307

UNCLAS JIDDA 1742

E.O. 11652: N/A
TAGS: EIND, EAGR, EAID, SA
SUBJ: SAUDI NITROGEN FERTILIZER PRODUCTION

REF: DACCA 1243

1. BANGLADESH EMBASSY HAS TOLD US THAT SAUDI FERTILIZER GRANTS FOR CY 1977 AND 1978 HAVE BEEN ACCOMPANIED BY RECENT SAG GRANT OF STERLING 2 MILLION TO SUBSIDIZE SHIPPING COSTS. EMBASSY IS EXPECTING MID-MARCH VISIT OF DELEGATION FROM BENGALI PLANNING COMMISSION WHICH WILL ATTEMPT TO FIRM UP POSSIBLE SAUDI GRANTS FOR CY 79 AND BEYOND.

2. SAUDI HAVE CHOSEN FERTILIZER GRANTS TO BANGLADESH AS MEANS TO HELP SOLVE MARKETING PROBLEM FACED BY SAUDI ARABIAN FERTILIZER CO.(SAFCO) PLANT IN DHAHRAN. AS SAFCO'S MARKETING PROBLEM IS LIKELY TO PERSIST (SEE BELOW), SAUDIS WILL PROBABLY CONTINUE TO GIVE AWAY FERTILIZER WHICH WE UNDERSTAND CURRENTLY SELLING FOR ONLY \$100/TON.

3. SAFCO PLANT IS WE UNDERSTAND, WORKING AT ABOUT 85, PERCENT OF ITS CAPACITY OF 300,000 MT/ YEAR OF UREA, ALMOST ALL OUTPUT IS EXPORTED BECAUSE LOCAL MARUET NOT WELL DEVELOPED. (SAUDIS CURRENTLY IMPORT 40,000 T/YEAR
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OF UREA BUT COULD USE AS MUCH AS 400,000 T. PRICE IS SUBSIDIZED BY SAG BY 50 PERCENT REIMBURSEMENT TO IMPORTER, GIVING TITTLE INCENTIVE TO PURCHASE OF SAFCO PRODUCT), SAUDI FIVE - YEAR PLAN HAS PROVISION FOR ADDITION OF 220,000 T/YEAR OF AMMONIA AND 800,000 T/YEAR OF UREA PRODUCTION CAPACITY AT JUBAYL NEW INDUSTRIAL TOWN, BUT DISCUSSIONS WITH PITENTIAL

INDUSTRIAL PARTNERS HAVE NEVER REACHED CONCLUSIVE
STAGE DUE TO POOR STATE OF NITROGEN FERTILIZER
MARKET. NO NEW OUTPUT BEYOND SAFCO'S CAN BE
EXPECTED BEFORE 1985.
WILEY

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Message Attributes

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